1. Office of Afghanistan & Pakistan Affairs (OAPA)

INITIAL ENVIRONMENTAL EXAMINATION

AMENDMENT NO. 2

PROGRAM/ACTIVITY DATA

| Country Code:  | 306 |
| Program Area: | Good Governance |
| Assistance Objective: | Governing Justly and Democratically |

Country or Region: Afghanistan

Activity Name: Afghanistan Reconstruction Trust Fund (ARTF)

Implementation Starts: 2002
Implementation Ends: December 2020
Amount: $4 billion

IEE Prepared by: Nate Tenny
Date: November 19, 2017

IEE Amendment (Y): Original RCE, OAPA-13-MAR-AFG-00026, 3/14/2013; IEE Amendment 1, OAPA-15-JUL-AFG-0025, approved by BEO on 7/20/2015

ENVIRONMENTAL ACTION RECOMMENDED:

| Categorical Exclusion | [X] | Deferral |
| Positive Determination | [ ] | Negative Determination |
| Negative Determination With Conditions | [X] | Exemption |

Climate Change | None | Low | Medium [X] | High |
Vulnerability Risk

1.0 PURPOSE AND BACKGROUND

1.1 Purpose

The Request for Categorical Exclusion (RCE) Amendment No 2 will:

1. Refine the description of the Negative Determination with Conditions issued in IEE Amendment 1;
2. Update the Life of Project (LOP) funding level which will increase from $3.6 billion to $4 billion, with addition of incentive funds to the ARTF.
3. Correct the start date of activities stated in IEE Amendment 1. The start date should be 2002.

USAID will continue relying on the World Bank's safeguard policies, as amended.
1.2 Background

On January 16, 2018, a meeting was held with the Mission Environmental Officer (MEO/Afghanistan), Regional Environmental Advisor for Central and South Asia and Office of Afghanistan and Pakistan Affairs (REA/SCA & OAPA,) OAPA Bureau Environmental Officer (BEO/OAPA) and Agency Environmental Coordinator (AEC) to address the Mission’s concerns that the Conditions stipulated in IEE Amendment I constituted an overly heavy burden on the AOR and MEO and may not be in the Mission’s manageable interest because the activities are implemented by the World Bank through a PIO grant. It was agreed that, to avoid reputation damage in case of the Bank’s non-adherence to its own environmental policies and safeguards, USAID would continue to monitor compliance but the Conditions will be better defined and monitoring will be carried out through Third Party Monitoring mechanisms, to ease the burden on Mission staff.

2.0 ACTIVITIES

There are two sets of activities, 1) Recurrent Cost Window activities which comprise salary support for the Government of Afghanistan Ministries, and 2) Investment Window (IW) activities which are specific activities with defined goals and objectives. Currently, USAID funds IW activities in health and education.

3.0 RECOMMENDED THRESHOLD DECISIONS AND MITIGATION ACTIONS

Below are the recommended actions for the activities described above, their impacts on the environment and recommended Threshold Determinations and Conditions, if any:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Effects on natural or physical environment</th>
<th>Recommended Threshold Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurrent Cost Window activities (salary support for Ministries)</td>
<td>No effect on the natural or physical environment</td>
<td>Categorical Exclusions, no action required per 22 CFR 216.2(c)(2)(i), (iii), (v) and (xiv)</td>
</tr>
<tr>
<td>Investment Window activities (SEHAT, OFWM, EQUIP, others)</td>
<td>Limited environmental and social impact if Conditions adhered to</td>
<td>Negative Determination with Conditions</td>
</tr>
</tbody>
</table>

Conditions:
1. USAID's current M & E Contractor shall review on a regular (quarterly or bi-annual) basis information (e.g. PID = project information document, ISDS = integrated safeguards data sheet, SAR = staff appraisal report, EIA/Loan/Credit agreement, Audits) publicly available at the World Bank web-page only for the projects funded with USAID money thru the investment window and provide findings of its review to the COR and MEO to ascertain projects' environmental and social compliance
2. In case of projects' identified non-or unsatisfactory compliance with World

1 From 2018 onward, USAID plans to only preference funds for health and education activities. The future health and education activities will be called SEHATMANDI and EQRA, respectively.
Bank's safeguards and loan/credit agreement, COR and MEO shall discuss with USAID/Afghanistan Senior Management and BEO/OAPA appropriate course of action, including potentially withholding funds.

Table 1. Proposed activities and recommended threshold decisions for USAID’s supported ARTF activities.

4.0 ENVIRONMENTAL RECOMMENDATIONS

Recommended Action: Categorical Exclusions (ca. 40 % of funding)

ARTF Recurrent Cost Window activities do not have an effect on the natural and physical environment and fit within the categories listed in 22 CFR 216.2 (c)(2) and are therefore categorically excluded from any further environmental review requirements. The originator of the proposed action has determined that the proposed activities are within the following classes of actions:

- Education, technical assistance, or training programs, except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.). [22 CFR 216.2(c)(2)(i)];
- Analyses, studies, academic or research workshops and meetings. [22 CFR 216.2(c)(2)(iii)];
- Document and information transfers. [22 CFR 216.2(c)(2)(v)]; and
- Studies, projects or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment (such as construction of facilities, etc.). [22 CFR 216.2(c)(2)(xiv)].

Recommended Action: Negative Determination with Conditions (ca. 60 % of funding)

The following Conditions shall be adhered to: (1). USAID’s current M & E Contractor shall review on a regular (quarterly or bi-annual) basis information (e.g. PID = project information document, ISDS = integrated safeguards data sheet, SAR = staff appraisal report, EIA/Loan/Credit agreement, Audits) publicly available at the World Bank web-page only for the projects funded with USAID money through the investment window and provide findings of its review to the COR and MEO to ascertain projects' environmental and social compliance; (2). In case of projects' identified non-or unsatisfactory compliance with World Bank's safeguards and loan/credit agreement, COR and MEO shall discuss with USAID/Afghanistan Senior Management and BEO/OAPA appropriate course of action, including potentially withholding funds.

5.0 CLIMATE CHANGE

Afghanistan is extremely vulnerable to the impacts from global climate change. Available information suggests that since 1960 annual temperature have increased 0.6°C and is expected to rise even more and there is an increase in the frequency of extreme weather events such as droughts and rainstorms which may affect water availability. With projected economic and population growth, Afghanistan’s water storage limitations and reliance on
snowmelt and transboundary watersheds create significant climate change vulnerability. To minimize the negative impacts of climate change, USAID is required by ADS 201mal to incorporate climate Change Risk Management Vulnerability (CRMV) screening for all new projects as of October 1, 2016. ARTF has been in existence since 2002 and CRMV screening is therefore not mandatory. However, because ARTF is likely to continue for a number of years into the future and is one of Afghanistan’s major vehicles for project implementation, it has been deemed prudent to include a CRMV screening with this IEE Amendment in order to provide guidance to the Bank to better adapt to climate change and maximize results.

Annex 1 is based on a climate risk screening conducted for a Project Appraisal Document (PAD) Amendment in July 2016.

Sources of information used are the World Bank’s Climate Change Knowledge Portal (CCKP), literature from the UNDP’s Climate Change Adaptation program, and USAID’s own Afghanistan Fact Sheet. The WB site was most helpful in completing information about changes in temperature and rainfall, while the USAID Fact Sheet provided perspective on projections and impacts. The UNDP information focused on strengthening community resiliency and gave a local context to the CC challenge.

6.0 REVISIONS

Pursuant to 22 CFR 216.3(a) (9), if new information becomes available which indicates that activities to be funded by the project might be “major” and the project’s effect “significant,” or if additional activities are proposed that might be considered “major” and their effects significant, this IEE will be reviewed and revised by the originator of the project and submitted to the BEO/OAPA for approval and, if appropriate, an environmental assessment will be prepared. It is the responsibility of the USAID COR/AOR to keep the Mission Environmental Officer, USAID/Afghanistan and the BEO/OAPA informed of any new information or changes in scope and nature of the activity that might require revision of the RCE.
APPROVAL OF RECOMMENDED ENVIRONMENTAL ACTIONS

Afghanistan Reconstruction Trust Fund (ARTF), IEE Amendment No 2

Donor Coordination Lead

Clearances:  
Date:  
Nate Tenny  
1-30-18

OPPD A/Office Director

Clearances:  
Date:  
Lacy Kilbain  
2-8-18

Mission Environmental Officer

Clearances:  
Harry Bottenberg  
1/19/2018

Regional Environmental Advisor, SCA and OAPA

Clearances:  
Andrei Barannik  
1/19/2018

Regional Legal Officer

Clearances:  
Kelly Mack  
1/25/2018

Deputy Mission Director

Clearances:  
Jeffery Cohen

Mission Director

Clearances:  
Herbert Smith

Concurrence:  
Date:  
2/14/18

Bureau Environmental Officer/OAPA

Clearances:  
Christopher Payne

DISTRIBUTION:  Project file, Mission 22 CFR 216 tracking system, RLO, OAA
### Annex 1. ARTF Change Risk Management Vulnerability (CRMV) matrix

<table>
<thead>
<tr>
<th>Contribution</th>
<th>Components</th>
<th>Climate Conditions</th>
<th>Climate Impact</th>
<th>Risks</th>
<th>Risk Rating</th>
<th>World Bank environmental screening</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Farm Water Management Project</td>
<td>On-Farm Water Management in five areas</td>
<td>Higher temperatures, lower annual rainfall volume, changes in rainfall patterns with rains storms, flooding, droughts, less reliable onset of rains</td>
<td>none</td>
<td>Higher evapotranspiration leading to higher water demands and less water availability; rain storms and floods may damage irrigation structures; crop yield decreases and failures; less animal feed; livestock migration, starvation, lower meat, wool, milk production</td>
<td>High</td>
<td>Category B</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>none</td>
<td>No direct risks but need for capacity building in climate change</td>
<td>N/A</td>
<td>Category C</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>none</td>
<td>N/A</td>
<td>N/A</td>
<td>Category C</td>
</tr>
<tr>
<td>System Enhancement for Sustaining and improving BPHS</td>
<td></td>
<td>Higher temperatures</td>
<td>none</td>
<td>Warmer climate BPHS and EPHS not</td>
<td>Moderate</td>
<td>Category B</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Health Action in Transition (SEHAT)</th>
<th>and EPHS services</th>
<th>prepared for increased range of mosquito-borne diseases, and other vector related diseases</th>
<th>Environmental and Social Management Framework (ESMF), E4073v2, submitted Nov 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building the stewardship capacity of MoPH and system development</td>
<td>none</td>
<td>none</td>
<td>N/A</td>
</tr>
<tr>
<td>Strengthening Program Management</td>
<td>none</td>
<td>none</td>
<td>N/A</td>
</tr>
<tr>
<td>Education Quality Improvement Program II (EQUIP-II)</td>
<td>School Grants to improve facilities</td>
<td>Floods, higher temperatures</td>
<td>Direct damage to building as a result of floods, higher temperatures in school building affect learning ability</td>
</tr>
<tr>
<td>Teacher and Principal Training and Education</td>
<td>none</td>
<td>none</td>
<td>N/A</td>
</tr>
<tr>
<td>Monitoring and Evaluation</td>
<td>none</td>
<td>none</td>
<td>N/A</td>
</tr>
<tr>
<td>National Solidarity Program III (NSP)</td>
<td>Capacity building of Community Development Councils</td>
<td>none</td>
<td>No direct risks but need for capacity building in climate change</td>
</tr>
<tr>
<td>Community grants for economic and social development</td>
<td>Higher temperatures, rain storms, floods, droughts</td>
<td>none</td>
<td>Risk depends on type of development activity funded</td>
</tr>
<tr>
<td>Project implementation support, including program monitoring and evaluation</td>
<td>none</td>
<td>none</td>
<td>N/A</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Public Financial Management Reform II</td>
<td>N/A</td>
<td>none</td>
<td>none</td>
</tr>
<tr>
<td>Recurrent Cost Window</td>
<td>Salary support and O&amp;M for GOA Ministries</td>
<td>Higher temperatures and lower rainfall, less predictable rainfall may lead to increased flooding. Possibility of reduced river flows. Greater seasonal fluctuations in temperature (more “hot” days and fewer “cold” days) could affect snow melt and increase the risk of flooding.</td>
<td>Lower winter heating costs, more difficulty in providing water for clinics, schools, government facilities, flooding may damage facilities in some areas. Hotter, drier conditions affect rain-fed agricultural livelihoods in particular and increase risk of and duration of drought as rainfall patterns change</td>
</tr>
</tbody>
</table>
placing greater strain on agricultural extension officers and policy planners in MAIL—each supported by RCW.
Fwd: ARTF IEE Amnd 2

Harry Bottenberg <hbottenberg@usaid.gov>  
Fri, Jan 19, 2018 at 6:08 PM

To: "Nate (new) Tenny" <ntenny@usaid.gov>  
Cc: Niaz Shinwari <nshinwari@usaid.gov>, Shawn Jones <shjones@usaid.gov>, Mohammad Ismail Ibrahim <mibrahimi@usaid.gov>

Nate, see below and attached. Can you go through the new draft and edit as needed? Andrei has cleared this new version with some minor edits. I clear as MEO. Pls fill in the yellow highlights as best as you can.

So I wasn't able to remove the Conditions but they are now defined in a way it would not be too much burden on USAID staff. I hope Christine MacAuly would agree on having SUPPORT II (and AMELA) assist in collecting required environmental documentation, I sent an email to her yesterday.

harry

-------- Forwarded message --------
From: Andrei Barannik <abarannik@usaid.gov>  
Date: Thu, Jan 18, 2018 at 2:48 PM
Subject: Re: ARTF IEE Amnd 2
To: Harry Bottenberg <hbottenberg@usaid.gov>
Cc: Christopher Payne <cpayne@usaid.gov>

Harry - reviewed - looks OK - one Q (when extra $1 billion as added) and minor edits are in the attached. If no other changes, I clear. W/r, Andrei

On Thu, Jan 18, 2018 at 2:35 PM, Harry Bottenberg <hbottenberg@usaid.gov> wrote:
As discussed. Note I haven't shared this yet with the mission and would need to get input from the current AOR (Nate Kelly). I sent an email to Christine MacAuly earlier today to ask if she is OK with SUPPORT II and AMELA doing the environmental document verification (and review) for ARTF. Let's see tomorrow. I added a climate screening based that needs some updating, again with input from the AOR.

harry  
[Quoted text hidden]
[Quoted text hidden]
[Quoted text hidden]

ARTF IEE Amendment 2 (NEW).docx  
180K
Kelly Mack  
**US AID / Afghanistan**  
Resident Legal Officer  
kmack@usaid.gov | usaid.gov  
Office: +93(0)-70-011-3389  
US: +1-301-490-1042 x3389  
Mobile: +93(0)-70-008-5736

Afghanistan is 9.5 hours ahead of the US East Coast. The formal work week is Sunday to Thursday. We work limited hours on Saturdays, and our offices are closed on Fridays.

---

**Harry Bottenberg** <hbottenberg@usaid.gov>  
To: Kelly Mack <kmack@usaid.gov>  
Cc: Mohammad Ismail Ibrahim <milbrahim@usaid.gov>, Nery Jubert-Rivera <njubert-rivera@usaid.gov>, Karen d’Aboville <kdaboville@usaid.gov>

If you want you can approve now by means of an email I guess. But it’s up to you if you want Karen to look at it. Have a good R&R and see you when I get back to Kabul.

harry  

---

**Kelly Mack** <kmack@usaid.gov>  
To: Harry Bottenberg <hbottenberg@usaid.gov>  
Cc: Mohammad Ismail Ibrahim <milbrahim@usaid.gov>, Nery Jubert-Rivera <njubert-rivera@usaid.gov>, Karen d’Aboville <kdaboville@usaid.gov>

Ok, I clear. Thanks

Sent from my iPhone

---

**Harry Bottenberg** <hbottenberg@usaid.gov>  
To: Mohammad Ismail Ibrahim <milbrahim@usaid.gov>

Pls add Kelly’s email clearance to the clearance page and start mission clearances, if not already started.

harry

---

**Mohammad Ismail Ibrahim** <milbrahim@usaid.gov>  
To: Harry Bottenberg <hbottenberg@usaid.gov>

Hi Harry,  
Can you please send me the clear word doc of the IEE? the attached one in this e-mail has comments with track changes.

Regards,

**Mohammad Ismail Ibrahim**

Project Development Specialist (Environment)

**USAID - Office of Program and Project Development**

US Embassy, Kabul Afghanistan

Cell: +93(0) 702626251  Office# 0093 (0) 700113004 Ext: 3070